

## FISCAL NOTE

### SB 720 - HB 1680

March 22, 2005

**SUMMARY OF BILL:** Requires applicants for vehicle registration to provide proof of insurance. The county clerk would be responsible for verifying the identity of the insured and matching that to the identity of the registrant.

#### **ESTIMATED FISCAL IMPACT:**

**Decrease State Revenues – Net Impact – Exceeds \$1,500,000**

**Decrease Local Govt. Revenues – Exceeds \$6,500,000**

**Increase Local Govt. Expenditures – Exceeds \$100,000 \***

#### Assumptions:

- At least 10% of the 4,820,000 current registered motor vehicles are driven by uninsured motorists and approximately 50% of these will not be able to maintain their registration resulting in a decrease in state revenues for motor vehicle registration fees exceeding \$5,000,000.
- Local governments would experience an increase in expenditures for additional staff, notification, and mailings. This increase is estimated to exceed \$100,000.
- Local governments would experience a decrease in revenues from wheel taxes that are lost due to individuals who cannot register their vehicles. This decrease is estimated to exceed \$6,500,000 statewide. This is based upon an average wheel tax of \$35.
- State government would experience an increase in revenues from insurance premium taxes paid for an additional 200,000 motorists who do not currently maintain insurance but will choose to do so. This increase is estimated to exceed \$3,000,000.

\*Article II, Section 24 of the Tennessee Constitution provides that: *no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

#### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director